

## **§ 1770.5**

(d) The borrower shall have the hardware and software available to locate, identify, and reproduce the records in readable form without loss of clarity.

(e) At the expiration of the retention period, the borrower may use any appropriate method to destroy records.

(f) When any records are lost or destroyed before the expiration of the retention period set forth in the master index, a certified statement shall be added to the master index listing, as far as may be determined, the records lost or destroyed and describing the circumstances of the premature loss or destruction.

### **§ 1770.5 Periods of retention.**

(a) Except as provided for in paragraphs (b), (c), and (d) of this section, record retention shall be consistent with Prudent Utility Practice. Prudent Utility Practice shall mean any of the practices, methods, and acts which, in the exercise of reasonable judgment, in light of the facts, including but not limited to, the practices, methods, and acts engaged in or approved by a significant portion of the telecommunications industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result consistent with cost effectiveness, reliability, safety, and expeditiousness. It is recognized that Prudent Utility Practice is not intended to be limited to optimum practice, method, or act to the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with cost effectiveness, reliability, safety, and expedition.

(b) Records supporting construction financed by RUS shall be retained until audited and approved by RUS.

(c) Records related to plant in service must be retained until the facilities are permanently removed from utility service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by RUS or other regulatory body having jurisdiction.

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(d) Life and mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired whichever is longer.

### **§§ 1770.6–1770.9 [Reserved]**

## **Subpart B—Uniform System of Accounts**

### **§ 1770.10 General.**

This subpart implements provisions of the standard RUS loan documents with respect to the accounting system accounts to be maintained by telecommunications borrowers of the Rural Utilities Service.

### **§ 1770.11 Accounting system requirements.**

(a) Each RUS borrower subject to the jurisdiction of the Federal Communications Commission (FCC) or a State regulatory body shall maintain its accounts and records in accordance with the rules and regulations prescribed by that regulatory body.

(b) Each RUS borrower not subject to regulatory control as specified in § 1770.11(a) shall maintain its accounts and records in accordance with the FCC Uniform System of Accounts as set forth in part 32 of the Commission's Rules and Regulations.

(1) RUS borrowers maintaining the accounts prescribed in 47 CFR part 32 for Class A companies as of June 15, 2005, shall continue to do so. RUS suspends implementation of the reduced number of Class A and B accounts, until the Federal-State Joint Conference has reviewed them.

(2) New borrowers under the RUS telecommunications program shall maintain the accounts prescribed in 47 CFR part 32 for Class A companies.

(3) RUS borrowers maintaining the accounts prescribed for Class B companies may adopt the Class A accounts if they desire more detailed and sophisticated accounting records.

[55 FR 3388, Feb. 1, 1990, as amended at 70 FR 25756, May 16, 2005]

### **§ 1770.12 Supplementary accounts.**

(a) All borrowers shall maintain the supplementary accounts set forth in § 1770.15. These accounts conform in

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number and title with accounts prescribed in the FCC Uniform System of Accounts. In those instances in which a State regulatory body having jurisdiction over an RUS borrower has prescribed a system of accounts differing from that of the FCC, the account titles prescribed by RUS in § 1770.15 shall remain unchanged; however, the supplementary account numbers shall be changed to conform with the State's accounting system.

(b) In addition to the accounts set forth in § 1770.15, cooperative or other nonprofit borrowers shall maintain the supplementary accounts set forth in § 1770.16.

(c) Borrowers are permitted to deviate from the specific subaccount numbers detailed in §§ 1770.15 and 1770.16 provided that the primary account numbers and account descriptions conform with those prescribed.

(Approved by the Office of Management and Budget under control number 0572-0003)

### § 1770.13 Accounting requirements.

(a) Each borrower shall maintain its books of accounts on the accrual basis of accounting. All transactions shall be recorded in the period in which they occur and reconciled monthly. The books of accounts shall be closed at the end of each fiscal year and financial statements shall be prepared for the period and audited in accordance with the provisions of 7 CFR part 1773, RUS

Policy on Audits of Electric and Telephone Borrowers.

(b) All books of accounts, records, and memoranda shall be maintained in such a manner as to fully support the journal entries to which they relate. The books and records referred to herein shall include records of a nontechnical nature such as minute books, stock and membership records, reports, correspondence, and memoranda.

(c) Interpretations of Federal or State requirements shall be referred to the applicable commission exercising jurisdiction over the borrower.

(d) Interpretations of RUS accounting requirements shall be referred to the Assistant Administrator, Program Accounting and Regulatory Analysis, Rural Utilities Service.

[55 FR 3388, Feb. 1, 1990, as amended at 70 FR 25756, May 16, 2005]

### § 1770.14 Continuing property records.

Each borrower shall maintain continuing property records which detail the date of placement, location, description of property, and the original cost of the property record units. The continuing property record and other underlying records of construction costs shall be maintained so that upon retirement of one or more retirement units or of minor items without replacement when not included in the costs of retirement units, the actual cost of the plant retired can be determined.

### § 1770.15 Supplementary accounts required of all borrowers.

Accounts prescribed in the Stockholders' Equity and Patronage Capital section shall be maintained by stock companies and cooperatives as appropriate.

Class of company		Account title
Account No.		
A	B	
		<i>Current Assets</i>
1130.1	1120.11	Cash—General Fund.
1130.2	1120.12	Cash—Construction Fund Trustee.
1130.3	1120.13	Cash—Transfer of Funds.
	1120.21	Special Cash Deposits.
1150.1	1120.31	<i>Petty Cash Fund</i>
		This account shall include funds in the custody of employees or agents for making minor disbursements. The fund shall be operated on an imprest basis. Expenditures shall be supported by receipts, and reimbursements to the fund shall be for the exact amount of such expenditures and shall be charged to the various accounts to which the expenditures are allocable. At all times, the total of the cash on hand and the unreimbursed expenditures shall equal the amount of the fund.
1150.2	1120.32	Change Fund.